AMENDED IN ASSEMBLY APRIL 26, 2005

AMENDED IN ASSEMBLY APRIL 18, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL No. 1321

Introduced by Assembly Member Yee

February 22, 2005

An act to add Section 1379.1~~ to~~ *to, and to add Article 5.53 (commencing with Section 1374.29) to Chapter 2.2 of Division 2 of,* the Health and Safety Code,~~ relating to health care service plans.~~ *and to add Article 3.7 (commencing with Section 10169.7) to Chapter 1 of Part 2 of Division 2 of the Insurance Code, relating to health care coverage.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1321, as amended, Yee. ~~Hospital-based physicians: charges~~ *Health care coverage: claims*.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a violation of the act a crime. *Existing law provides for the regulation of health insurers by the Department of Insurance.*

Existing law establishes an independent medical review system where requests for review of certain claim disputes are conducted by an independent medical review organization.

This bill would require Department of Managed Health Care and the Department of Insurance to implement an independent provider dispute resolution systems, in consultation with representatives of health plans or insurers, providers, and consumer representatives.

~~The act~~ *Existing law* requires that a *health care* provider contracting with a *health care service* plan agree that he or she will not collect or attempt to collect from a subscriber or enrollee any sums owed by the plan for services that the provider rendered.

This bill would*, commencing March 1, 2006,* prohibit a hospital-based physician, as defined, from seeking payment from individual enrollees for services he or she rendered and would require that physician or group of physicians to seek reimbursement solely from the enrollee's health care service plan or the contracting risk-bearing organization. The bill would require a health care service plan that becomes aware that one of its enrollees has been billed in violation of these provisions to report that violation to the ~~department~~ *Department of Managed Health Care*. This bill would also provide that an enrollee shall have no obligation to pay an amount billed in violation of these provisions.

Because the bill would specify ~~an~~ additional ~~requirement under the act~~ *requirements for health care service plans*, a violation of which ~~is~~ *would be* a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Article 5.53 (commencing with Section 1374.29) is added to Chapter 2.2 of Division 2 of the Health and Safety Code, to read:

Article 5.53. Independent Provider Dispute Resolution

1374.29. On or before March 1, 2006, the department shall implement an independent provider dispute resolution system. The department shall develop the system in consultation with representatives of health care service plans, providers, and consumer representatives. The department shall consider

implementation of a system similar to the independent medical review system in Article 5.55 (commencing with Section 1374.30, to permit independent review of disputed provider complaints, claims, and payment levels.

~~SECTION 1.~~

SEC. 2. Section 1379.1 is added to the Health and Safety Code, to read:

1379.1. (a) ~~A~~ *Commencing March 1, 2006, a* hospital-based physician who provides services at a general acute care hospital that contracts with a health care service plan shall seek reimbursement for medically necessary covered services provided to an enrollee of that plan solely from the plan or its contracting risk-bearing organization that is financially responsible for the covered services rendered under the contract between the plan and the risk-bearing organization. The hospital-based physician shall not seek payment from individual enrollees for those covered services, except for allowable copayments and deductibles. A hospital-based physician subject to this section shall have the right to receive reimbursement owed pursuant to the provisions of this chapter from the plan or the contracting risk-bearing organization that is financially responsible for the covered services.

(b) For purposes of this section, a "hospital-based physician" means an anesthesiologist, radiologist, pathologist, or emergency room physician, or a group of such physicians providing medical services at the hospital.

(c) For purposes of this section, "risk-bearing organization" shall have the meaning set forth in subdivision (g) of Section 1375.4.

(d) An enrollee who is billed by a hospital-based physician in violation of this section may report receipt of the bill to the health care service plan and the department. A health care service plan that becomes aware that one of its enrollees has been billed in violation of this section shall also report that violation to the department. The department shall have sole authority to enforce this section, and shall take appropriate action against a hospital-based physician upon a determination that the physician has violated this section, including the issuance of a written warning, a cease and desist order, or other actions, as provided in Section 1387.

(e) An enrollee shall have no obligation to pay an amount billed in violation of this section.

SEC. 3. Article 3.7 (commencing with Section 10169.7) is added to Chapter 1 of Part 2 of Division 2 of the Insurance Code, to read:

Article 3.7. Independent Provider Dispute Resolution

10169.7. On or before March 1, 2006, the department shall implement an independent provider dispute resolution system. The department shall develop the system in consultation with representatives of health insurers, providers, and consumer representatives. The department shall consider implementation of a system similar to the independent medical review system in Article 3.5 (commencing with Section 10169, to permit independent review of disputed provider complaints, claims, and payment levels.

~~SEC. 2.~~

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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